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**Inquiry Into The
Low-Rent Housing Project
At 157th Avenue--79th Street,
Queens, New York,
Proposed By The
New York City Housing Authority**

B-118718

**Department of Housing and
Urban Development**

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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MARCH 14, 1972



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-118718

CTR Dear Mr. Addabbo:

This is our report on the proposed low-rent housing project at 157th Avenue--79th Street, Queens, New York. Our review was made pursuant to your request of June 16, 1971.

c2, 13, 415 As agreed, copies of this report are being sent to Congressmen Herman Badillo, James J. Delaney, Seymour Halpern, and Lester L. Wolff.

We plan no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made concerning the report.

The Department of Housing and Urban Development and the New York City Housing Authority have not been given an opportunity to examine and comment on the report. This fact should be considered in any use made of the information presented.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Arato".

Comptroller General
of the United States

CTR The Honorable Joseph P. Addabbo
House of Representatives

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ABBREVIATIONS

GAO General Accounting Office

HUD Department of Housing and Urban Development

NYCHA New York City Housing Authority

COMPTROLLER GENERAL'S REPORT TO
THE HONORABLE JOSEPH P. ADDABBO
HOUSE OF REPRESENTATIVES

INQUIRY INTO THE
LOW-RENT HOUSING PROJECT
AT 157TH AVENUE--79TH STREET
QUEENS, NEW YORK,
PROPOSED BY THE NEW YORK CITY
HOUSING AUTHORITY

Department of Housing and
Urban Development B-118718 23

D I G E S T

WHY THE INQUIRY WAS MADE

At the request of Congressman Joseph P. Addabbo, the General Accounting Office (GAO) examined aspects of a proposed low-rent housing project at 157th Avenue--79th Street, Queens, New York. The project, planned by the New York City Housing Authority, is to be financed by the Department of Housing and Urban Development (HUD).

GAO focused on the

- suitability of the site, including compliance with Federal regulations regarding proximity to highways and airports;
- reasonableness of construction cost estimates; and
- use of loan funds for planning costs.

FINDINGS AND CONCLUSIONS

On November 23, 1971, the New York City Board of Estimate rejected the New York City Housing Authority's request to rezone the site. The zoning changes requested were the elimination of a street and the permitting of a project density of 560 units. As a result the project cannot be constructed as presently planned.

The cost of the proposed site--about \$2.94 a square foot--is low in comparison with the cost of similar sites in the area. If the foundation and land costs do not exceed the amounts estimated, the ready-to-build cost will be about \$1,358,000. (See p. 5.)

Several factors prevent the site from meeting HUD criteria.

- The site borders on the Shore Parkway, a six-lane highway, heavily traveled. No pedestrian overpasses are located at the site. The highway could be hazardous to pedestrians unless fences and overpasses are built. (See p. 6.)

--The site is situated in the flight paths of two runways of Kennedy International Airport. In a recent year the runways handled about 119,000 takeoffs and landings. Noise levels at the site are between 112 and 120 decibels. Exposure to this noise level could cause permanent hearing loss. HUD plans to reevaluate the effect of the airport on the site. (See p. 7.)

--There is no evidence that additional school facilities to be provided will be adequate to accommodate the project's children. (See p. 8.)

--Six hospitals are available but may be inconvenient because of the time required to reach them. (See p. 9.)

The estimated total development cost of about \$16 million for the project is within HUD's cost limitations. (See p. 13.)

In October 1969 the housing authority obtained a \$410,000 temporary loan from HUD to cover certain planning and development costs. Design work costing \$58,000 paid from the loan funds could not be used when the project was converted to a turnkey project. (See p. 14.)

CHAPTER 1

INTRODUCTION AND SCOPE OF REVIEW

Congressman Joseph P. Addabbo requested the General Accounting Office to examine certain aspects of the low-rent housing project at 157th Avenue--79th Street, Queens, New York, proposed by the New York City Housing Authority (NYCHA). The Department of Housing and Urban Development has entered into a contract with NYCHA to provide financing for the project.

The examination covered

- the suitability of the site, including compliance with Federal regulations regarding sites located near or adjacent to airports and highways;
- the reasonableness of the construction cost estimates; and
- the use of preliminary loan funds.

LOW-RENT HOUSING PROGRAM

NYCHA administers the low-rent housing program in New York City. At December 31, 1970, NYCHA was operating 177 projects, of which 100 are federally assisted. Sixteen additional projects were under construction; 17 more, including the project proposed for the 157th Avenue--79th Street area, were in the planning stages.

Federal participation in the low-rent housing program is administered by HUD under the United States Housing Act of 1937, as amended (42 U.S.C. 1401). The law authorizes HUD to enter into an annual contributions contract with a local housing authority. Under the terms of this contract, HUD guarantees the interim financing of a project during development and construction and annually pays both principal and interest on the long-term financing when construction is completed. As part of its administrative responsibilities, HUD provides technical assistance and reviews and evaluates the local authority's plans and proposals for conformance with HUD guidelines.

The 157th Street project was proposed in 1966 as one of a number of housing developments that constituted the city's Scattered-Site Program. Under the program low-income housing was to be located on vacant sites in outlying, non-segregated areas of the city. The objective of the program was to provide housing opportunities in sound, predominantly white, middle-income neighborhoods for those confined to the city's ghettos. This program conforms to HUD guidelines.

The present design entails three four- to eight-story buildings containing a total of 559 dwelling units--184 for elderly persons and 375 for families. The units are designed to house an estimated 1,970 persons. The project will also include an early-childhood center. Buildings will cover 23 percent of the 10.45-acre site selected for the project; the remainder will be used for 239 parking spaces, spaces for various outdoor recreational facilities, and other open spaces. (See exhibits A and B.)

SCOPE

The information in this report was obtained from (1) records at the New York Regional and Area Offices of HUD and NYCHA and (2) discussions with HUD and NYCHA representatives, former HUD representatives and other persons involved with the project or site, community groups, and representatives of various New York City agencies.

BEST DOCUMENT AVAILABLE

CHAPTER 2

SUITABILITY OF SITE

In examining into the suitability of the project site, we considered (1) the reasonableness of the site cost in view of possible unusual soil conditions, (2) HUD regulations with respect to the site's proximity to a highway and to the John F. Kennedy International Airport, (3) the existing schools' capacity to serve the project's school-age population, (4) the sufficiency of hospitals in the area, and (5) the adequacy of transportation and shopping facilities.

NYCHA requested two zoning changes for the project site. One would require the elimination of Sapphire Street between 156th Avenue and Shore Parkway; the other change would permit a density of 560 units for the project site. On November 23, 1971, the New York City Board of Estimate rejected both zoning requests. Therefore the project cannot be constructed as presently planned.

REASONABLENESS OF SITE COST

HUD guidelines provide that a project site not be selected where surface or subsurface conditions prevent orderly and appropriate arrangement of the project and economical construction and management costs.

The land--10.45 acres--for this project cost NYCHA an estimated \$498,000. Land costing \$478,250 has been purchased. The final price of three parcels, having an estimated value of \$19,953, had not been established by the New York State Supreme Court. The abnormal foundations required because of the unusual soil conditions were estimated by the project developer to cost \$860,000 in December 1970. The developer's revised proposal reduced the site improvement cost, of which the abnormal foundations were a significant component. The developer's revised proposal did not, however, identify the cost of abnormal foundations.

If the foundation and land costs do not exceed the amounts estimated, the ready-to-build cost will be about \$1,358,000, or about \$2.94 a square foot. A real estate

appraiser's report to NYCHA in August 1968 showed that, if the site was in a ready-to-build condition, the square-foot cost would be \$4 to \$5, which is comparable to prices paid for similar sites.

PROXIMITY TO HIGHWAY

HUD regulations provide that, so far as local choice would reasonably permit, sites near or adjacent to expressways and similar hazards be avoided.

The southern boundary of the project site borders on Shore Parkway, a limited-access highway. The highway has underpasses and overpasses for automobile and pedestrian crossings, but none are located at the project site.

HUD files did not contain evidence that the above regulation had been considered when it approved the project. The former Assistant Regional Administrator, Housing Assistance Administration, HUD, informed us that he did consider the project's proximity to a highway before HUD approved the development program for the project. He stated that the approval was based on the fact that Shore Parkway was a limited-access highway without interchanges near the project.

This parkway is a heavily traveled six-lane highway and could be a potential hazard to project pedestrians, particularly children, unless suitable safeguards, such as fences and pedestrian overpasses, are provided at the project site.

PROXIMITY TO AIRPORT

HUD regulations, at the time it approved the project site, provided only that, so far as local choice would reasonably permit, sites near or adjacent to airports and similar hazards be avoided. Subsequent changes to the regulations specify that, when sites located within 3 miles of an airport were to be considered, HUD be required to consult the Federal Aviation Administration regarding noise levels. Sites classified by the Administration as zone 3 locations, where noise is recorded from 110 to 120 decibels, are unacceptable for project sites under the HUD regulations.

The project site is located in the flight paths of two major runways of the John F. Kennedy International Airport. It is about 2 miles from the end of one runway which, during 1970, had 80,000 takeoffs and landings and about 3 miles from another runway which had 39,000 takeoffs and landings.

An Administration study conducted in August 1967 showed that the site was located in zone 3, an area of high noise exposure, and that noise readings in the area were between 112 and 120 decibels. A HUD directive states that, at such noise levels, oral communication requires a maximum vocal effort when speaker and listener are more than 6 inches apart and that a decibel rating of 110 is equivalent to thunder and may cause permanent loss of hearing.

The HUD Land Branch proposed that the site be rejected because of its close proximity to the John F. Kennedy International Airport. The NYCHA independent land appraiser, however, informed NYCHA that the area's history of development, rising values, rentals, and sales did not support the conclusion that the airport was an adverse influence.

Although HUD records did not disclose the basis upon which this point had been resolved, the former Assistant Regional Administrator, HUD, who had approved the project site, told us that the area was a highly acceptable residential community. He also said that the rejection of this site on the basis of its proximity to the airport would be ascribing a higher criterion for low-rent housing than for projects under private development and that he did not

consider the prohibitions in the HUD regulations to be mandatory.

The Area Director, HUD, told us that he would reevaluate the site in accordance with current regulations and that, if an exception action was contemplated, the matter would be referred to the HUD Deputy Under Secretary for resolution along with a draft environmental statement.

ADEQUACY OF COMMUNITY SERVICES AND FACILITIES

HUD regulations provide that the site be well related to public transportation, public schools, shopping, and all other facilities necessary for the health, safety, and general welfare of the tenants.

Schools

The development program for the project indicated that the existing elementary and intermediate schools selected to serve the project were overcrowded. It showed that necessary school facilities would be provided by the city to serve the anticipated school needs of the project. The former Assistant Regional Administrator, HUD, said that he had approved the project on the basis of the city's assurance that additional schools would be provided.

The elementary school designated by the New York City Board of Education to serve the project had an overload of 46 pupils, and the intermediate school had an overload of 649 students at October 30, 1970. This is the latest date for which New York City Board of Education school population data was available. If the board of education's estimated increase in student enrollment of 166 elementary school pupils and 134 intermediate school pupils materializes as a result of constructing the project, the designated schools will have a greater overload.

The board of education has promised NYCHA that adequate school facilities would be provided. In May 1971, the site for a proposed school which also was designated to serve the project had not been selected and, although construction had been started on another school, it was located about 6 miles from the project site.

The development program for the project did not mention high school facilities. The nearest high school is the John Adams High School which as of October 30, 1970, had an overload of 1,394 students and was operating on triple sessions. The number of high school pupils who will reside in the project has not been estimated by the board of education.

Appendix I shows the status of existing and proposed neighborhood schools designated by the board of education to serve the project. There is no evidence that the existing schools designated to serve the project and the planned facilities will be adequate.

The project as designed will include an early-childhood center with 10 classrooms. NYCHA expects to lease the center to the board of education.

Hospitals

The development program for the project did not specify the hospitals which would serve the project residents. NYCHA records contained no evidence that the availability of hospitals had been discussed during the public hearings of the City Planning Commission, nor was there any evidence that HUD had considered this matter when it approved the project. A City Planning Commission report identified only the Queens General Hospital (Queens Hospital Center) as serving the project area and stated that it was not conveniently located. This hospital is located about 5 miles from the project site and can be reached by using two buses. An official of the hospital estimated that travel time would be about 1 hour and 20 minutes by bus.

Five other hospitals in the project area are as follows:

<u>Hospital</u>	<u>Distance from project site in miles</u>
Interboro General	1
Interfaith Hospital of Queens	5
Jamaica	3
Mary Immaculate	4
Peninsula General	6

All the hospitals accept patients under governmental medical assistance plans and have emergency facilities; five have outpatient clinics, and four have ambulance service.

The six hospitals have a total of 2,700 beds and five plan to increase their capacities. The average utilization of individual hospitals ranges from 80 percent to 90 percent.

These hospitals can be reached by public transportation. In four of the six cases, however, such transportation requires 1 hour or more, and, in five of the six cases, either two or more buses are required or a combination of bus and subway transportation must be used. We were unable to determine travel time by automobile because of varying traffic conditions. HUD guidelines do not specify how close such facilities should be in terms of distance and travel time.

Transportation and shopping facilities

A subway station is located about 1.8 miles from the site. A bus line runs adjacent to the site and passes this station. The use of these two means of transportation requires separate fares. The development program recognized the need for better transportation and indicated that arrangements would be made to ensure adequate bus service to the project.

Various shopping facilities are located within 6 blocks of the project site and include a supermarket, a pharmacy, a laundry, and clothing stores. Buses stop about 1 block from these facilities.

The former Assistant Regional Administrator, HUD, told us that he and his staff knew the area and that they had reviewed the availability of transportation and shopping by making personal site visits. He said that he considered the shopping facilities to be adequate and relied on the city to provide adequate transportation.

CONCLUSIONS

Although the site costs may be considered low in relation to the prices paid for other sites in the area, we believe that the project site does not meet HUD criteria because:

- The site borders on the Shore Parkway, a six-lane highway, heavily traveled. No pedestrian overpasses are located at the site. The highway could be hazardous to pedestrians unless fences and overpasses are built.
- The project site is located in jet aircraft flight patterns where the noise levels are high enough to possibly cause permanent loss of hearing.
- There is no evidence that the existing and proposed schools will have enough capacity and will be well related to the project.
- The hospital facilities available to the project residents may not be well related to the project because of the travel time required to reach the facilities.

CHAPTER 3

REASONABLENESS OF CONSTRUCTION COST ESTIMATES

Local housing authorities are required to prepare, and to submit to HUD for its approval, a project development program for low-rent housing projects. The program is to include a description of the project and an estimate of the development cost budget on which the amount of the annual contributions contract is based. This estimate is to be based on an assumed size and form of the proposed buildings and on available local construction costs experienced for similar low-rent housing.

NYCHA originally planned to construct the project under the conventional method whereby NYCHA acquires the site, contracts for the preparation of plans and specifications, and awards the construction contracts on the basis of competitive bids. The development program, as approved by HUD, provided for six eight-story buildings containing 588 dwelling units. NYCHA estimated the cost of the project to be \$11,640,000, including \$7,641,000 for dwelling construction and equipment. This estimate was based on recent construction bid prices for comparable construction. HUD reviewed these estimates and awarded the annual contributions contract on December 15, 1967.

In September 1970 NYCHA, for reasons of economy, requested HUD's permission to convert the project to the turnkey method of construction. Under this method, a private developer designs and constructs the project and the local housing authority contracts to purchase the completed project. HUD's New York Area Office approved NYCHA's request in November 1970.

On November 15, 1970, NYCHA solicited proposals from turnkey developers. The solicitation provided that the developer buy the land from NYCHA for \$1,025,000 and propose a project for 569 dwelling units. It provided further that the negotiated price for the completed project not exceed the price contained in the developer's proposal.

Four developers responded to the solicitation, and NYCHA selected the developer making the lowest proposal-- \$16,156,700--to be the project developer. By September 1971 the developer had substantially completed the design of the project which consisted of three buildings varying from four to eight stories and containing 559 dwelling units.

The \$16,156,700 proposal included \$10,819,700 for dwelling construction and equipment costs, about \$3,178,700 more than NYCHA's estimated cost of \$7,641,000. It is, however, about \$4,600,000 less than HUD's maximum cost limitation for the construction of low-rent public housing in New York City.

A New York HUD Area Office official stated that, since the board of estimate had rejected NYCHA's zoning requests, no further action had been taken on the project as of December 22, 1971.

CHAPTER 4

USE OF TEMPORARY LOAN FUNDS

We examined into the use of temporary loan funds to determine the amount spent for plans that could not be used when the project was converted to a turnkey project.

In 1969 the Administrator of the New York City Housing Development Administration reportedly said that the project could not be canceled because \$400,000 had been spent for plans. It was also reported that these plans had been subsequently scrapped and that the moneys were wasted when the project was converted to turnkey construction.

In October 1969 NYCHA requested from HUD a \$410,000 temporary loan to cover the development of the project through April 30, 1970. These funds were provided by HUD to cover the costs of planning, administration, site surveys and appraisals, interest, and architectural and engineering fees. These fees for design of the projects from its inception to April 30, 1970, were estimated at \$183,000.

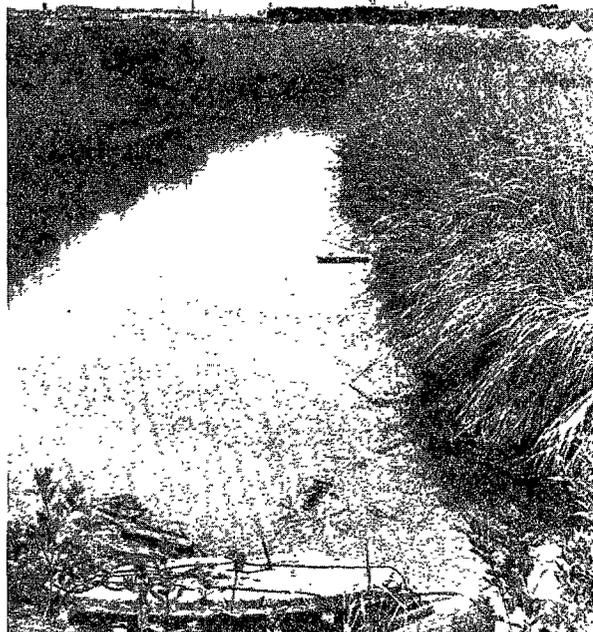
On November 2, 1970, when the project was converted to a turnkey project, \$58,000 of the loan funds had been spent on architectural and engineering fees for design work that had to be abandoned; the remainder of the funds were to be spent for services which would continue to benefit the project.

EXHIBITS

PHOTOGRAPHS OF PROJECT SITE



SEWER CONSTRUCTION



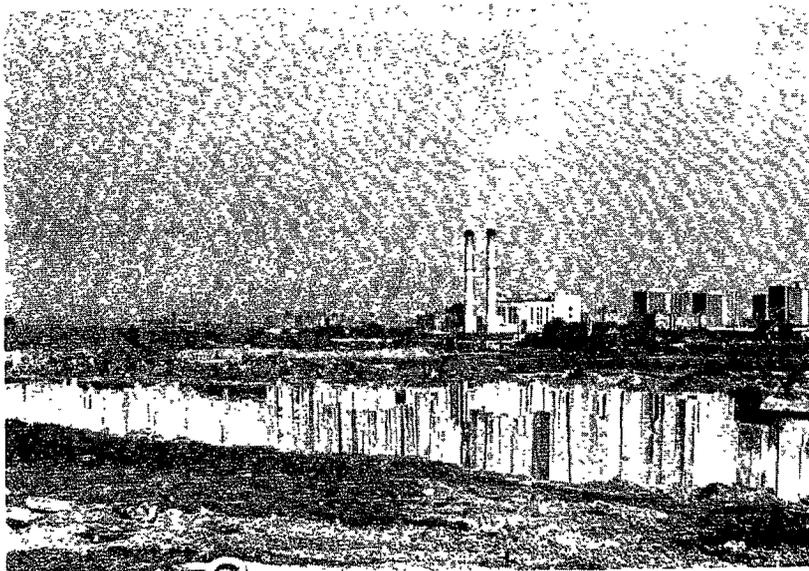
DRAINAGE

EXHIBIT A

PHOTOGRAPHS OF PROJECT SITE



DRAINAGE--SOUTHWEST CORNER



ONSITE SEWER PROJECT

PHOTOGRAPHS OF PROJECT SITE



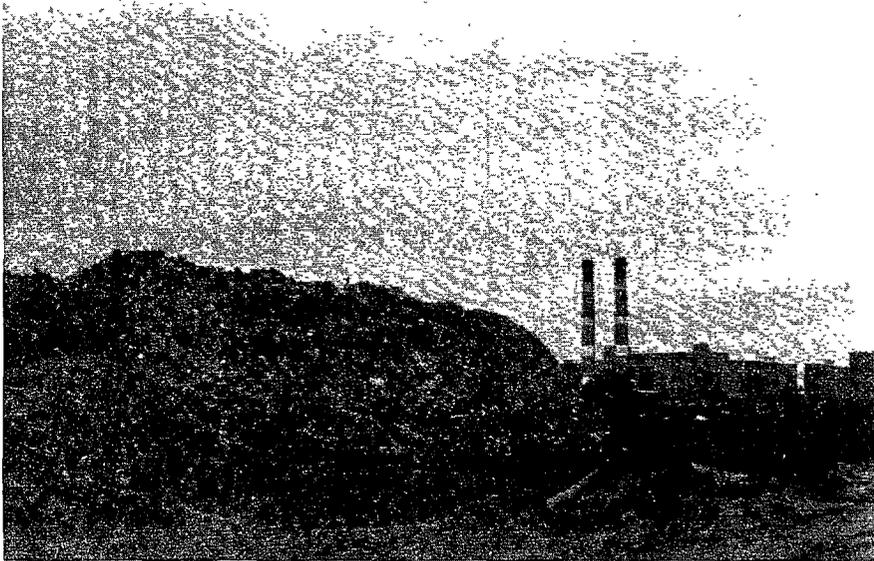
SHORE PARKWAY ON LEFT



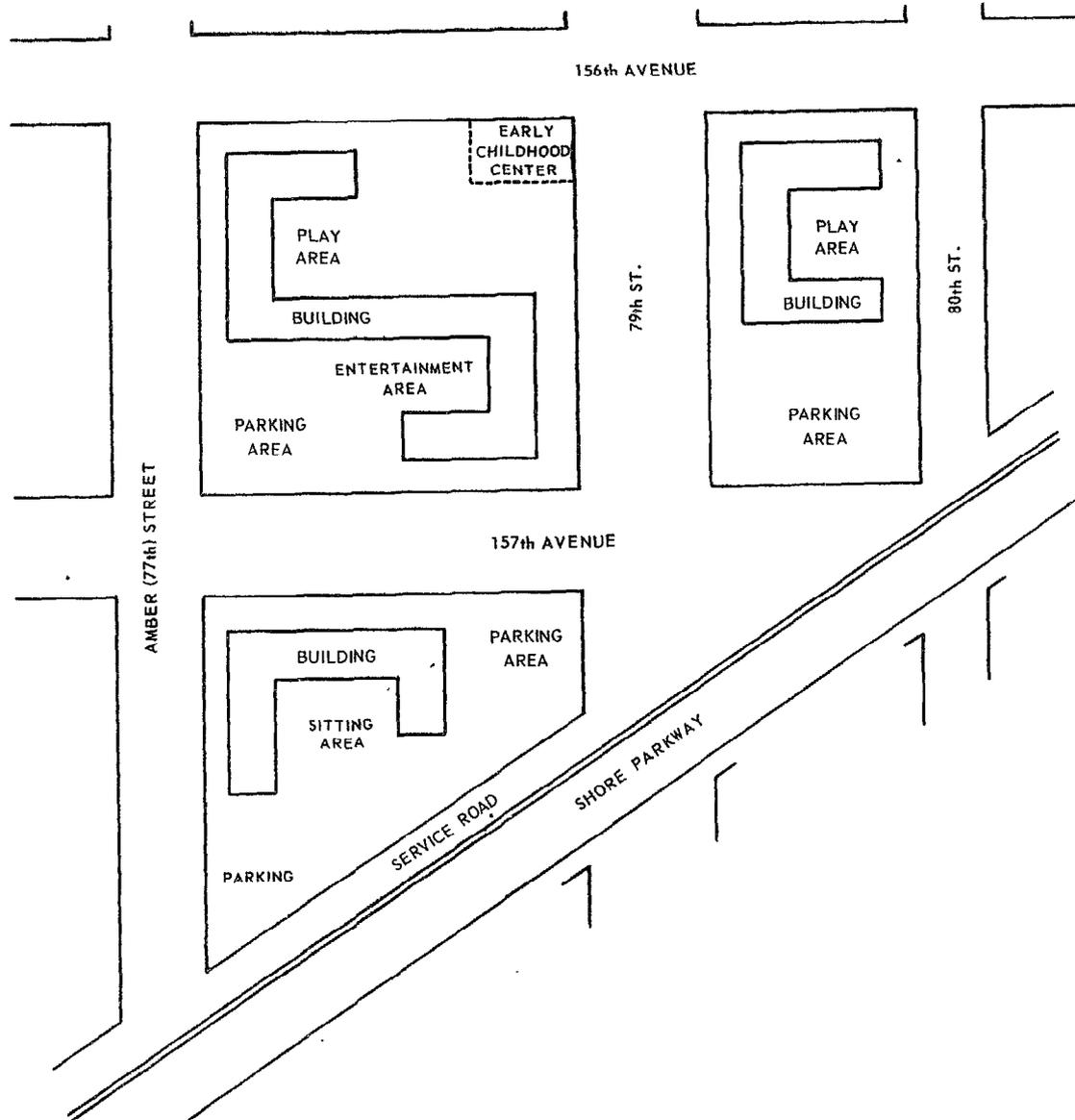
VIEW SOUTHWEST

EXHIBIT A

PHOTOGRAPH OF PROJECT SITE



INCINERATOR RESIDUE USED
FOR LANDFILL



SITE PLAN

PROPOSED HOUSING PROJECT

LINDENWOOD

3 BUILDINGS
560 DWELLING UNITS
4 TO 8 STORIES HIGH

(NOT DRAWN TO SCALE)

APPENDIX

STATUS OF EXISTING NEIGHBORHOOD SCHOOLS
DESIGNATED TO SERVE PROJECT AND PROPOSED SCHOOLS

<u>School</u>	<u>Grades</u>	<u>Number of blocks from project</u>	<u>As of Octo- ber 30, 1970</u>		<u>Estimated number of project pupils</u>
			<u>Percent of utilization</u>	<u>Over- load</u>	
EXISTING:					
PS 232	K to 7	3	104	46 ^a	-
IS 202	7 and 8	7	145	<u>649</u>	-
Total elementary and intermedi- ate pupils				<u>695</u>	400 (K to 9)
John Adams High School:					
Main building	-	15	134	1,044 ^b	-
Annex PS 108	-	18	170	<u>350^c</u>	Not available
Total high school pupils				<u>1,394</u>	
PROPOSED:					
IS 202	-	Unknown	-		Capacity, 1,800 students
Early-childhood center	-	Onsite	-		10 classrooms

^aDoes not include six classrooms (Register 176) housed in Rockwood Jewish Center.

^bOn completion of an electrical and sanitary renovation, capacity will be reduced from 3,096 to 3,065, which will increase the existing overload.

^cIncludes 20 rooms used as an annex to John Adams High School. On completion of an electrical and sanitary renovation, there will be a loss of four classrooms (capacity 120).

